Nova Scotia

RECEIVED
NOV 21 1991
N.S. LEGISLATIVE
LIBRARY

ANNUAL REPORT

for the fiscal year
ending July 31, 1988

Provincial Grain Commission

92-01488/

His Honour
The Honourable Lloyd R. Crouse, P.C.
Lieutenant Governor of the
Province of Nova Scotia
Government House
Halifax, Nova Scotia

Dear Sir;

I have the honour to transmit herewith the Annual Report of the Provincial Grain Commission for the fiscal year ended July 31, 1988.

I am, Your Honour,

Yours very truly,

George G. Archibald
Minister of Agriculture & Marketing

The Honourable George Archibald
Minister of Agriculture & Marketing
Province of Nova Scotia
P.O. Box 190
Halifax, N.S.
B3J 2M4

Dear Sir:

Presented herewith, in accordance with Section 11(2) of the Provincial Grain Commission Act, is the Annual Report of the Provincial Grain Commission for the fiscal year ended July 31, 1988.

Respectfully submitted,

Ted Ueffing
Chairman

Robert E. Dechman
Secretary-Manager

PROVINCIAL GRAIN COMMISSION
ANNUAL REPORT
YEAR ENDING JULY 31, 1988

Commission Members
T. Ueffing — Chairman
E. Kidston — Vice-Chairman
R. Cooper
J. Peill
J. Goit
W. Cock
G. Parker

Staff
R. Dechman — Secretary-Manager
B. Barkhouse — Supervisor, Steam Mill Grain Centre
R. Quartermain — Grader
E. Canfield — Manager, Bayhead Grain Centre
M. Watters — Accounting Clerk

BACKGROUND

The Provincial Grain Commission was established by an act of the Legislature of Nova Scotia that was assented to by the Lieutenant-Governor on May 19, 1977. Under the act, grain means wheat, oats, rye, corn, fababeans, soybeans, field peas, rapeseed, and such other crops as may be designated by the Governor in Council.

Objectives

The objectives and powers of the Commission, as set down by the act, are:

1. to buy, sell, store, dry, grade, and distribute grain and to promote grain production;
2. to establish prices and make initial and final payments for grain purchased or marketed by the Commission;
3. to acquire, hold, or lease real and personal property;
4. to erect buildings and other works necessary for the purchase, sale, drying, storage, and handling of grain;
5. to administer grain production incentive programs as requested by the Minister;

6. to enter into and carry out agreements and arrangements for the operation, management, and control of grain-drying and storage facilities;
7. to carry out such other functions and discharge such other duties as the Minister may from time to time approve or determine.

With the approval of the Governor in Council, the Commission has made the regulations in the following areas:

- respecting the conditions of purchase, sale, and distribution of grain by the Commission;
- respecting the kinds, quantities, quality, and dates of purchase of grain purchased by the Commission;
- fixing the dates of advance and final payments each year;
- fixing rates charged for drying, storing, grading, and handling of grain handled by the Commission.

SUMMARY

Grain-Handling Facilities

The Commission operated three grain handling facilities in the province: one at Steam Mill, Kings County; one at Bayhead, Colchester County; and a third at Middleton, Annapolis County. The services of grading, drying, storage, assembling, and shipping were provided to grain producers at all three locations. Protein evaluation was done at the time of delivery on all loads of wheat.

The Commission assisted grain producers in the area of Colchester County by providing the service at a delivery point at Great Village and Debert. Grain delivered to these locations was shipped to the Bayhead Grain Centre for drying and cleaning in preparation for market.

Advance Payments

On August 5, 1987, the Commission established the rate of advance payment for the various grains and subsequently provided funds to the Nova Scotia Winter Grain Marketing Board for distribution to growers based on the amount of grain delivered. Advances were provided totalling $647,665.78.

OPERATIONAL REPORT

Advance Payments

The following table outlines the funds used, the tonnes delivered to the various marketing pools, and the advances received by each pool.

Table I
ADVANCE PAYMENTS BY COMMODITY

	Tonnes		Total Advances	
Type of Grain	1986-87	1987-88	1986-87	1987-88
Wheat	5,105	7,939	$335,062.00	$542,376.16
Rye	645	660	16,071.07	18,866.86
Barley	1,490	1,287	59,851.65	37,866.88
Oats	1,054	839	12,205.32	9,757.99
Hulless oats	388	200	25,219.88	9,919.54
Corn	164	618	9,691.02	24,425.38
Canola	75	148	5,789.20	4,285.43
Soybeans	64	21	5,345.76	167.54
Total	8,985	11,712	$469,235.90	$647,665.78

Grain-Handling Facilities

The volume of grain handled by the Commission is shown in the following tables and is broken down by the type of grain, source, and location.

Table II
GRAIN HANDLED AT STEAM MILL GRAIN CENTRE
(Tonnes)

	1986-87			1987-88		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	3,855.7	1,073.4	4,929.1	5,248.0	-	5,248.0
Rye	635.8	-	635.8	735.7	-	735.7
Barley	1,048.1	2,529.4	3,577.5	748.8	984.2	1,733.0
Oats	658.3	-	658.3	580.1	-	580.1
Corn	263.0	3,994.8	4,057.8	353.8	1,139.1	1,492.9
Soybean meal	-	2,353.4	2,353.4	-	2,119.0	2,119.0
Hulless oats	295.4	-	295.4	177.5	-	177.5
Others	-	259.3	259.3	-	-	-
Total	6,756.3	10,210.3	16,766.6	7,843.9	4,242.3	12,086.2

Table III
GRAIN HANDLED AT BAYHEAD GRAIN CENTRE
(Tonnes)

	1986-87			1987-88		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	87.4	-	87.4	1,315.6	-	1,315.6
Rye	5.9	-	5.9	-	-	-
Barley	728.7	456.3	1,185.0	614.3	-	614.3
Oats	622.1	-	622.1	579.7	-	579.7
Corn	-	286.3	286.3	-	61.4	61.4
Hulless oats	29.7	-	29.7	9.6	-	9.6
Canola	91.5	-	91.5	76.7	-	76.7
Soybeans	39.3	-	39.3	2.2	-	2.2
Total	1,604.6	742.6	2,347.2	2,598.1	61.4	2,659.5

Table IV
GRAIN HANDLED AT MIDDLETON GRAIN CENTRE
(Tonnes)

	1986-87			1987-88		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	97.6	-	97.6	456.9	-	456.9
Rye	106.1	-	106.1	30.3	-	30.3
Barley	261.2	104.3	365.5	471.5	-	471.5
Oats	395.3	-	395.3	104.1	183.0	287.1
Corn	41.3	467.6	508.9	46.0	268.3	314.3
Hulless oats	3.1	-	3.1	2.3	-	2.3
Total	904.6	571.9	1,476.5	1,111.1	451.3	1,562.4

ACKNOWLEDGEMENTS

The Provincial Grain Commission wishes to acknowledge the assistance received from producers and producer associations: in particular, the Nova Scotia Winter Grain Marketing Board, and the work it has done on behalf of all grain producers in the province.

The Commission wishes also to acknowledge the co-operation received from the milling industry and the livestock feed trade organizations in the province for their assistance in marketing and handling the local crop.

In conclusion, the Commission wishes also to acknowledge the contributions of its operational staff in the dedication to their work and the effort they have put forward to serve their clientele.

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
FINANCIAL STATEMENTS
JULY 31, 1988

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
FINANCIAL STATEMENTS
JULY 31, 1988

CONTENTS

Page

Auditor's Report 17
Balance Sheet 18
Statement of Income and Retained Earnings 19
Notes to Financial Statements 20
Schedule A — Grain Centre Operations 22

AUDITOR'S REPORT

To the Chairman and Members of the
Provincial Grain Commission and to
the Minister of Agriculture and Marketing

I have examined the balance sheet of the Provincial Grain Commission as at July 31, 1988 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at July 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
September 23, 1988

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
BALANCE SHEET
AS AT JULY 31, 1988

ASSETS

	1988	1987
Current		
Cash (Note 3)	$1,538,875	$1,241,300
Short term investments	-	250,000
Accounts receivable	62,915	95,326
Accrued interest	6,377	8,862
Grain inventory	42,038	55,984
	$1,650,205	$1,651,472

LIABILITIES AND EQUITY

Current		
Accounts payable	$ 24,492	$ 36,549
Long Term		
Advance from Province of Nova Scotia	950,000	950,000
Retained Earnings	675,713	664,923
	$1,650,205	$1,651,472

APPROVED ON BEHALF OF THE BOARD

Chairman

Member

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 1988

	1988	1987
Revenues		
Grain Centre revenues (Schedule A)	$231,412	$248,219
Profit on Commission owned grain	41,832	11,282
Other	19,110	10,475
	292,354	269,976
Expenses		
Grain Centre operating expenses (Schedule A)	426,827	422,475
Handling fees, other facilities	26,598	16,800
Assistance to grain producers	-	26,804
	453,425	466,079
Operating loss	161,071	196,103
Administrative expenses		
Construction and equipment purchases (Note 2)	52,238	31,739
Salaries	102,736	93,407
Travel and meetings	22,585	16,844
Office expenses	16,181	13,494
Provision for bad debts	11,380	34,848
Other	13,973	10,507
	219,093	200,839
Less: Interest income	68,934	69,306
	150,159	131,533
Loss before Government contribution	311,230	327,636
Contributions by the Province of Nova Scotia (Note 2)	372,020	331,872
Net income before extraordinary item	60,790	4,236
Extraordinary item (Note 4)	50,000	-
Net income	10,790	4,236
Retained earnings, beginning of year	664,923	660,687
Retained earnings, end of year	$675,713	$664,923

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1988

1. Authority

The Provincial Grain Commission was established by the Provincial Grain Commission Act in 1977. Its purpose is to provide grain drying, storage and handling facilities for the farmers of Nova Scotia. During the year three facilities were in operation, one in Steam Mill, Kings Co., one in Bayhead, Colchester Co., and one in Middleton, Annapolis Co.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

a) Fixed Assets:

Purchases of capital equipment and machinery are expensed in the year of acquisition. As well, costs relating to construction of facilities are expensed in the year incurred.

b) Contributions by the Province of Nova Scotia:

The Department of Agriculture and Marketing pays various operating and administrative expenses as well as some of the capital expenses of the Provincial Grain Commission.

c) Inventories:

Grain inventories owned by the Commission are valued at the market price on July 31, 1988. Grains in storage on behalf of producers are not reflected in these financial statements.

3. Cash

Cash includes both the general cash of the Commission, as well as funds to be used for advance payments to producers to cover the costs of producing grains.

The Commission is authorized to make advance payments to producers through the Nova Scotia Winter Grain Marketing Board. This program is funded by a $950,000 long-term advance from the Province of Nova Scotia. The advances are recovered when the Nova Scotia Winter Grain Marketing Board sells the grains. As at July 31, 1988, $949,907 (July 31, 1987 — $949,909) was still available to be advanced to producers.

	1988	1987
General operating accounts	$ 319,394	$ 63,325
Interest on advance payment account	269,574	228,066
Advance payment account	949,907	949,909
	$1,538,875	$1,241,300

4. Extraordinary Item

During a prior year the Commission was named as a third party in a lawsuit by a farmer against a feed distributor. The payment of $50,000 represented an out-of-court settlement between the Commission and the farmer without the Commission acknowledging any responsibility for the losses.

5. Comparative Figures

Certain prior year's comparative figures, in the Statement of Income and Retained Earnings as well as schedule A, have been reclassified to conform with the presentation adopted for the current year.

GRAIN CENTRE OPERATIONS
FOR THE YEAR ENDED JULY 31, 1988

	Steam Mill		Bay Head		Middleton		Total	
	1988	1987	1988	1987	1988	1987	1988	1987
Revenues								
Handling and drying fees	**$159,785**	**$181,558**	**$ 50,986**	**$ 49,623**	**$ 20,641**	**$ 17,038**	**$231,412**	**$248,219**
Operating expenses								
Salaries	113,038	106,044	79,723	65,961	50,608	47,337	243,369	219,342
Insurance	23,142	25,755	8,016	8,747	8,576	9,521	39,734	44,023
Maintenance, rentals and repairs	22,788	26,428	35,046	12,685	7,637	9,970	65,471	49,083
Electricity	13,739	17,330	11,988	14,122	3,949	5,633	29,676	37,085
Fuel	15,828	28,796	10,650	12,114	3,616	2,762	30,094	43,672
Trucking	3,703	5,940	10,760	14,589	45	313	14,508	20,842
Storage	-	2,662	-	-	-	298	-	2,960
Other	897	4,202	2,658	813	420	453	3,975	5,468
	193,135	217,157	158,841	129,031	74,851	76,287	426,827	422,475
Operating loss	$ 33,350	$35,599	$107,855	$79,408	$ 54,210	$ 59,249	$195,415	$174,256